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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 003588

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TAGS: [PGOV](#) [TW](#)

SUBJECT: KMT CHAIRMAN MA PLEDGES FORWARD MOVEMENT ON ARMS
PACKAGE

REF: A. TAIPEI 3273

[1](#)B. TAIPEI 3233

Classified By: Director Stephen M. Young, Reason(s): 1.4 (B/D).

[1](#)1. (C) Summary: During a meeting with the Director on October 19, Taipei Mayor/Kuomintang (KMT) Chairman Ma Ying-jeou expressed confidence that next week the Procedural Committee of the Legislative Yuan (LY) would approve the 2006 U.S. arms procurement supplemental for consideration by the full LY. The Defense Ministry will withdraw the controversial "Special Defense Budget" bill, and the People First Party (PFP) will cooperate with their KMT Procedural Committee colleagues to release the 2006 supplemental from procedural limbo. Ma claimed to be doing "everything he could" to reach a reasonable solution on Taiwan's defense budget. Ma also agreed to consider procedural options to fund the purchase of PAC-3 missile defense systems in a 2007 supplemental after March 20, 2007. He indicated, however, that Speaker Wang Jin-pyng was opposed to this idea (which Wang subsequently denied to us.) Ma acknowledged the time is not right for a no-confidence vote against Premier Su, because this would not result in President Chen stepping down. He continues to endorse anti-Chen protests, as long as they remain lawful. Ma will try to preserve good relations with the PFP because the KMT needs the 21 PFP legislators to maintain Pan-Blue control of the LY. The Taipei and Kaohsiung races are very close, Ma said, and the KMT will have to fight hard to win. End Summary.

Arms Bill To Escape Procedural Committee Next Week?

[1](#)2. (C) During a meeting focused primarily on defense-related issues, the Director stressed the importance of all sides in Taiwan putting aside political differences to pass a solid defense budget during the fall LY session. Accompanied by defense advisor Su Chi, Taipei Mayor/KMT Chairman Ma Ying-jeou stated with confidence that next week, the LY Procedural Committee would approve the 2006 "Supplemental Budget" arms procurement for consideration by the Defense Committee and the full LY. The NT\$6.4 billion (US\$207 million) "Supplemental Budget" bill includes upgrades for existing Patriot-2 (PAC-2) anti-missile systems, P-3C anti-submarine warfare aircraft, and modest funding for a submarine feasibility study (see Ref B).

13. (C) On Tuesday, October 17, KMT and PFP legislators on the Procedural Committee voted not to consider the U.S. arms procurement "Supplemental Budget" for the second time this session. KMT Policy Director Tseng Yung-chuan told the press that the KMT would not consider the "Supplemental Budget" until the Defense Ministry withdrew the NT\$610.8 billion "Special Defense Budget" originally proposed in June 2004. According to Ma, the Defense Ministry had agreed to withdraw the "Special Defense Budget" bill, clearing the way for KMT consideration of the "Supplemental Budget" bill.

14. (C) Noting that several PFP lawmakers have continued to voice strong objections to any form of arms purchase, the Director asked Ma whether the KMT needed PFP cooperation to move the arms procurement bill forward. Ma told the Director that during his October 14 meeting with PFP Chairman James Soong, he and Soong agreed to keep the arms procurement bill in the Procedural Committee for one more week. This allows the PFP this week to push its no-confidence measure against Premier Su. Ma added that PFP caucus whip Cheng Chin-ling had promised that the PFP members of the Procedural Committee would approve the "Supplemental Budget" bill next week.

Ma Doing "Everything He Can"

5.(C) The Director stressed that Taiwan's inability to reach consensus on something as critical as self-defense had caused anxiety in Washington and was increasingly damaging to U.S.-Taiwan relations. Taiwan's allies in the U.S. government were counting on KMT leadership to break through the arms procurement impasse. Secretary Rice, members of Congress, and others view progress on the defense issue as a

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"litmus test" for future cooperation on political, economic, and defense-related matters. Ma claimed to be doing "everything he could" to promote a reasonable solution to the defense question, and reiterated his expectation that the "Supplemental Budget" would be approved by the Procedural Committee and listed on the LY agenda in the near future.

Ma Willing to Consider PAC-3s Before Next LY

16. (C) The Director argued that Ma and the KMT had been thinking about Patriot-3 anti-missile defense systems (PAC-3s) in narrow legal and political terms, by refusing to consider purchasing them until the failed "missile defense referendum" moratorium expired on March 20, 2007. The KMT should consider how PAC-3s would improve Taiwan's ability to defend key political and military assets against the ever-increasing number of PRC short-range missiles aimed at the island. Pointing out that the new PAC-3 missile-defense systems would take at least 2-3 years to install, the Director urged Ma to put legal and political excuses aside and act now, instead of waiting another year. Ma admitted that political considerations, more than legal ones, made such a move difficult before next March. Ma added that KMT LY Speaker Wang Jin-pyng had told him that PAC-3s had to be included in a 2008 annual defense budget, but not in a 2007 supplemental budget proposal after March 20. Ma agreed to "keep an open mind" if Wang or others came up with a workable alternative to include PAC-3s in a 2007 budget supplemental (which Wang later in the day pledged to the Director he would support. (See septel.)

PFP and KMT Split on No-Confidence

17. (C) The Director remarked that PFP Chairman James Soong's decision to run for Taipei mayor, and the KMT's decision to withdraw support for Soong's no-confidence motion against Premier Su appeared to indicate a substantial rift between the two parties. Ma said the PFP had its own reasons for

pursuing the no-confidence vote, which the KMT respected, but did not support. The Pan-Blues want to use the no-confidence motion to force Chen to dissolve the legislature, and to call snap elections, Ma explained, after which the KMT hopes to have the majority it needs to recall President Chen. Right now, the new legislative districts remain undrawn. Snap elections cannot take place if President Chen dissolves the LY, Ma asserted, and the KMT cannot obtain its desired legislative majority. For the time being, he concluded, a no-confidence vote would serve no purpose.

¶8. (C) Ma told the Director he will continue to negotiate with PFP Chairman Soong in hopes of getting Soong to leave the Taipei mayoral race, but cannot predict success. The KMT might agree to let the PFP candidate represent the Pan-Blue coalition in certain legislative districts where they might win. But Ma did not know whether that would be enough to get Soong to drop his campaign. Ma insisted that KMT Taipei mayoral candidate Hau Long-bin has a "very good chance of winning," but would have a "difficult time for sure." The Kaohsiung mayoral race is very tight, Ma continued, and the KMT will have to be very careful and invest a great deal of effort to win. He added that Kaohsiung is a place where the KMT cannot afford to lose.

Ma Fosters Protest Freedom within the Law

¶9. (C) Taiwan should be focused on consolidating and strengthening its democratic institutions, the Director said. The disruption of the October 10 "National Day" celebrations by unruly protesters and grandstanding opposition politicians was an embarrassment to Taiwan, and damaged its international reputation. Protests are part of a healthy democracy, he continued, but must be conducted with decorum and within the law. Ma asserted that this has been his position all along, for which he has been criticized for being "too legalistic."

¶10. (C) Ma said that he had been personally involved in negotiating permissive terms for the "Depose Chen" protest

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movement. When Shih had demanded the right to protest 24 hours a day, Ma agreed on the condition the protest remained within legal bounds. Shih told Ma he accepted those conditions. When the "Depose Chen" protest violated demonstration permit laws on October 10, Ma arranged for police to allow the protesters to remain in place until 4:30 a.m. Ma insisted that Interior Minister Lee Yi-yang exceeded his authority in ordering Taipei police to revoke a demonstration permit issued to the "Depose Chen" movement as punishment for the October 10 infractions. Nonetheless, Ma claimed he then revoked the permit himself, to discourage future unlawful protest activity.

Comment

¶11. (C) The negotiations over the arms package have now been fully joined. Ma sounded fairly convincing in explaining his support for action this fall. That said, his continuing willingness to accord the shifty James Soong and his party a de facto veto over this key legislation makes further twists and turns almost inevitable. Our bottom line with Ma has been that in the end he doesn't need Soong's handful of votes to pass this bill. All he has to do is link up with the DPP and an overwhelming majority will carry the budget into law.
YOUNG